

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 First Round

June 16, 2021

Las Haciendas Apartments, located at 28772 Calle Cortez and 28715 Las Haciendas in Temecula, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits to finance the new construction of 76 units of housing serving large families with rents affordable to households earning 30-60% of area median income (AMI). The project will be developed by Community HousingWorks and will be located in Senate District 28 and Assembly District 75.

Project Number CA-21-001

Project Name Las Haciendas Apartments
Site Address: 28772 Calle Cortez and 28715 Las Haciendas
Temecula, CA 92590 County: Riverside
Census Tract: 512.000

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,500,000	\$0
Recommended:	\$2,500,000	\$0

Applicant Information

Applicant: Las Haciendas Housing Associates, L.P.
Contact: Mary Jane Jagodzinski
Address: 3111 Camino del Rio North, Suite 800
San Diego CA, 92108
Phone: (619) 450-8710
Email: mj jag@chworks.org

General Partner(s) / Principal Owner(s): CHW Las Haciendas LLC
General Partner Type: Nonprofit
Parent Company(ies): Community HousingWorks
Developer: Community HousingWorks
Investor/Consultant: California Housing Partnership Corporation
Management Agent(s): ConAM Management Corporation

Project Information

Construction Type: New Construction
Total # Residential Buildings: 2
Total # of Units: 77
No. & % of Tax Credit Units: 76 100%
Federal Set-Aside Elected: 40%/60%
Federal Subsidy: None

Information

Set-Aside: N/A
Housing Type: Large Family
Geographic Area: Inland Empire Region
TCAC Project Analyst: Nick White

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 30% AMI: 24	30%
At or Below 50% AMI: 8	10%
At or Below 60% AMI: 44	57%

Unit Mix

15 1-Bedroom Units
39 2-Bedroom Units
23 3-Bedroom Units
77 Total Units

<u>Unit Type & Number</u>	<u>2020 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
5 1 Bedroom	30%	\$424
6 1 Bedroom	50%	\$706
4 1 Bedroom	60%	\$847
13 2 Bedrooms	30%	\$508
2 2 Bedrooms	50%	\$847
22 2 Bedrooms	60%	\$1,017
1 2 Bedrooms	60%	\$1,016
6 3 Bedrooms	30%	\$587
17 3 Bedrooms	60%	\$1,175
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,263,380
Construction Costs	\$20,356,387
Rehabilitation Costs	\$0
Construction Contingency	\$1,963,811
Relocation	\$0
Architectural/Engineering	\$1,272,000
Const. Interest, Perm. Financing	\$2,034,342
Legal Fees	\$113,618
Reserves	\$188,920
Other Costs	\$2,915,217
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$36,307,675

Residential

Construction Cost Per Square Foot:	\$281
Per Unit Cost:	\$471,528
True Cash Per Unit Cost*:	\$467,905

Construction Financing		Permanent Financing	
Source	Amount	Source	Amount
Wells Fargo	\$23,339,279	CCRC	\$3,825,000
City of Temecula AHF Loan	\$8,910,698	City of Temecula AHF Loan	\$8,910,698
City of Temecula-Impact Fee Loan	\$718,445	City of Temecula-Impact Fee Loan	\$718,445
City of Temecula In Lieu Fee	\$500,857	City of Temecula In Lieu Fee	\$500,857
Costs Deferred Until Conversion	\$508,719	Deferred Developer Fee	\$279,000
Deferred Developer Fee	\$279,000	Tax Credit Equity	\$22,073,675
Tax Credit Equity	\$2,050,677	TOTAL	\$36,307,675

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$27,777,777
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,777
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Approved Developer Fee in Project Cost:	\$2,200,000
Approved Developer Fee in Eligible Basis:	\$1,400,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.88295

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	Large Family
Final:	60.961%

Significant Information / Additional Conditions: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Temecula Community Development, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ¾ mile of public park or community center open to general public	2	2	2
Within 1 mile of a weekly farmers' market operating at least 5 months/year	1	1	1
Within 1 mile of medical clinic or hospital	2	2	2
In-unit high speed internet service	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 60 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.